

Allowable Medical Expenses

KEESM 7532

- Expenses must be incurred by **persons in the plan** (IN) and/or by other persons in the household who are **legally responsible** (DI) for the individuals in the plan.
- Expenses must be within the scope of KEESM Appendix P-1, "Medically Necessary Items Which Are allowable Deductions For Food Stamps Or Can Be Applied Toward A Spenddown"
- Expenses must be verified before allowed against the spenddown.
- Expenses which are potentially covered in part or in whole by a third party cannot be allowed against a spenddown until the third party payment is determined. (i.e., private or group health insurance, Medicare, or pending law suits which might establish such a liability)

NOTE: Prescription drug expenses which are not covered under the Medicare Part D plan are allowable if an exception to coverage has been rejected by the plan.

EXCEPTION: Medical expenses incurred within the base period and paid for by a public program funded by the State (or political subdivision of the State, such as county), other than Medicaid can be applied to the spenddown.

- For example, expenses paid through Vocational Rehabilitation, the Family Support Program, Kansas Health Insurance Program for the uninsurable, certain programs administered by the Department of Health and Environment, such as Children with Special Health Care Needs, the Infant/Toddler Program and Other Title V programs and non-title II Aids Drug Assistance Program payments.
- Also, included are services paid by Donated Dental Services, Adult Emergency Support Services/APS Emergency Funds (see KEESM 12650), the Community Support Medication Program and expenses subsidized on services received through a Community Mental Health Center or Community Developmental Disability Organization.
- Services provided for or paid through Hill-Burton funds, Federal Ryan White funds or the Kansas Farmworker Health program are NOT allowable.

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- Expenses (paid or unpaid) must be incurred in the current base period.

EXCEPTION: Medical expense insurance premiums are prorated for the number of months in the eligibility base period and are allowed regardless of the actual date of payment.

- If expenses (due and owing) incurred outside of the current eligibility base period,
 - the individual must be legally obligated to pay the expenses on the first day of the base
 - the expenses can be on a loan, credit cards or bills transferred to a collection agency for payment
 - only the unpaid portion of the loan or credit card balance or the original medical expenses is allowable
 - the expenses have not been previously applied to a spenddown in any other base period which was met
 - expenses used against a prior spenddown may be allowed in a subsequent base period only if the prior spenddown was not met
 - only the portion still due and owing on the first day of the current base is allowable
- (You will learn how to do this later in the training.)

NOTES:

There Are Three Ways Medical Expenses Are Applied To A Spenddown

KEESM 7500

1. Certain types of medical expenses are entered by the eligibility worker on the **MEEX** screen on KAECSSES.
 - For MS or MA spenddown cases, only 4 types of expenses should be entered on the MEEX screen. The KAECSSES system communicates the remaining spenddown amount to the MMIS system.
2. Medical expenses billed by Medicaid providers are applied to the spenddown in the MMIS system through an automated provider billing process.
 - Medical expenses can be separated into different categories such as inpatient bills, professional bills, pharmacy charges, and durable medical equipment. There are numerous providers for each category who accept Medicaid and routinely bill for these types of medical services.
 - The spenddown process allows a Medicaid provider to bill Medicaid for any service they provide (whether the service is deemed to be covered by Medicaid or not). This billing process will automatically apply the expense to the consumer's remaining spenddown, if appropriate.
3. Medical expenses received from Non-Medicaid providers (or Medicaid providers who cannot bill for the service) are applied to the spenddown through the beneficiary billing process.
 - There will be occasional instances in which a consumer will have an out-of-pocket medical expense that cannot be applied to their spenddown via the **MEEX** screen or through the automated provider billing process. The beneficiary billing process is the method in place to apply these expenses to the spenddown. This process is primarily for when a consumer receives medical services from a Non-Medicaid provider.

Next, we will take a look at a flowchart for a brief overview of the spenddown process. This flowchart provides a play by play description of the three processes working together. After the flowchart, we will spend time scouting out each method in more detail.

